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January 3, 1958

Dear Prime Minister:

Since acknowledging the receipt of your letter of November twelfth, my advisers and I have given the most careful attention to the viewpoints and suggestions which you have advanced regarding the Volta River scheme. As I think you know, this Government has followed with deep interest since their inception the extensive studies which have been made of this challenging project.

I, of course, fully appreciate the importance which you and your Government attach to the need for economic development and diversification in Ghana, and I know that I need not assure you of the friendly and sympathetic interest of the American people and Government. I have had a number of conversations with the Vice President since his return from the Independence Ceremonies and he has described to me the hopes and aspirations which guide your Government and people under your leadership. It is obvious that these worthy aspirations can best be realized under the conditions of a strong, prosperous and stable Ghana.

As you are aware, we are not only interested in this vital task of Ghana's economic development and diversification, but desire to help in such ways as are within the limitations of our resources and other heavy commitments throughout the world. It has been in this spirit that we have undertaken, at your request, to send a technical survey group to Ghana to examine several specific project fields of potential economic development, the outlines of which have already been suggested by your Government. It is my sincere hope that this team may be able to assist in drawing up practical projects capable of implementation in a manner which will contribute to the diversification which you seek.

In your letter of November twelfth, you have made specific reference to the possibility of obtaining a loan for the Volta River project from our newly created Development Loan Fund. In so doing, you have suggested in effect that such an indication of willingness by the United States Government to make a loan might provide the necessary stimulus to bring the scheme to life.

There is no question as to the desire of this Government to be helpful in the economic development of Ghana. At the same time, there are definite limitations on our lending activities imposed by the availability of funds for such purposes. Thus, in the case of a project of the magnitude of the Volta, we would have to have assurances not only that the project is economically and commercially sound, but also that the total financing which would be required to bring it to fruition is obtainable. In this connection it is apparent that the active participation of the aluminum industry and its ability to provide the requirements for the mining and manufacturing part of the project are essential to the success of the

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total project. I do not know how far you have been able to proceed in obtaining firm indications of intention to participate by the aluminum industry or in obtaining the necessary assurances of financial support from private sources, international institutions and other governments. Until such time as the project may reach the stage where Ghana has reasonable assurances from these sources, it is difficult for us to appraise the economic feasibility of the project, particularly in its financial and commercial aspects. When you have these assurances concerning the establishment of an aluminum industry this Government would be pleased to explore further with the Government of Ghana the possibility of assistance in financing a part of the project, such as a portion of the hydroelectric installation.

I hope that the foregoing suggestions may be helpful to you in your further efforts to interest private enterprise in the feasibility of this project. Meanwhile, I wish again to emphasize our general desire to be of assistance in Ghana's economic development program. If there are other specific project fields of a more limited nature than the Volta Scheme which you believe might be useful for our Technical Survey Group to examine, or should you perceive advantage in a more general survey of Ghana's essential development needs, we would be glad to consider broadening the terms of reference of the Group to make this possible. I hope that you will feel free to discuss any further questions you may have on these matters with our Ambassador to Ghana who is thoroughly familiar with the consideration we have given them here.

Again, let me say how gratified I am at the spirit of determination to progress which prompted you to raise this matter with me. You can always be assured that Ghana's aspirations to a peaceful, prosperous and stable development, which is of such importance to its people, to Africa and to the Commonwealth, will command the sympathetic attention of this Government.

Sincerely,

The Honorable
Dr. Kwame Nkrumah,
Prime Minister of Ghana,
Accra.

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RECEIVED JUL 3 1958

Memorandum of Conversation

This document consists of 5 pages.

Number 1 of 10 copies, Series C

DATE: July 2, 1958

SUBJECT: Prime Minister Nkrumah's Talk (Second) with the President

PARTICIPANTS: The President
Dr. Kwame Nkrumah, Prime Minister of Ghana
The Under Secretary
His Excellency D. A. Chapman, Ambassador of Ghana
Mr. Joseph Palmer 2nd, Deputy Asst. Secretary for AF

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After an exchange of greetings, the President welcomed

Dr. Nkrumah said that ever since [illegible] government, it has sought to consolidate its independence and to create the necessary conditions of economic stability. He stressed the importance of a higher standard of living for the Ghanaian people and said that Ghana's vulnerability is its one crop economy; some way must be found to diversify. The Prime Minister mentioned [illegible] as possible fields for further development. Ghana also hopes to bring about industrialization of the country, although it would presably continue to be primarily an agricultural nation. All of Ghana economic objectives require power, the possibilities of which have been investigated in connection with the Volta River scheme. The Prime Minister said that two possible dams were involved, one at Ajena, which would cost 65 million pounds, and produce one million kw; the other is at Akosye and would produce 60,000 kw at a cost of 20 million pounds.

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would require two hundred years to [illegible]. The President said that he had been talking to Mr. Black of the IBRD about this matter and that he had indicated that the difficulty is that bauxite is presently so cheap as to make new sources not particularly attractive. The Prime Minister indicated [illegible] stating that [illegible] [illegible] [illegible] he had previously had the impression that the entire Volta River scheme would cost considerably more than the [illegible] million which the Prime Minister had mentioned. The Prime Minister replied that it is true that the entire scheme is much more extensive than those components he had mentioned and include facilities at the bauxite deposits, the smelter, and harbor and railway facilities. Some of these were going along at the present time in any event, particularly the new port at Tema. He said that he was presently emphasizing the power aspect of the project.

The President said that the United States always tries to be helpful with respect to projects of this kind. We believe that the best basis for undertaking such development is private capital. If it is possible to get private aluminum companies interested in this project, then the remaining financing could be explored with the International Bank, the Export-Import Bank, the Development Loan Fund [illegible] other similar sources. The President said we would [illegible] to continue our [illegible] tion of these possibilities [illegible] we entirely supported Ghana's objectives [illegible] of living. He went on to [illegible] take place slowly and [illegible] consideration, mentioned the experience of the Philippines, where we had [illegible] years to [illegible] [illegible] for a further ten years temporary status in which further efforts were made to assure that a strong economic basis would exist for Philippine independence. Even with these preparations it was necessary to make certain extraordinary arrangements [illegible] preferred access to the American market for such produce as hemp, sugar and cocoa after independence. The President mentioned these matters to indicate that the construction of a strong viable economy is a long process. Moreover it can [illegible] if [illegible]

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on education. It is spending more per capita in this field than any other African state may, in fact, the rate of spending compares favorably with many European countries. In addition to a further question, the Prime Minister said that Ghana's ordinary budget is $40 million for the current fiscal year. ... Ghana ... from Ghana's own resources for economic development. The Prime Minister went on to say that Ghana has a second five-year development plan which will involve the allocation of $1 million, primarily to agricultural and industrial expansion.

The President said that he understood that Secretary Benson had indicated at luncheon the previous day that he would be glad to go out and take a look at Ghana. The President said that he thought the Secretary could be very helpful in these matters. The Prime Minister said that he would look into the possibilities of extending Mr. Benson an invitation after his return to Accra.

Reverting to the Volta River scheme, the President reiterated that the State Department would continue to explore the possibilities of bringing this project to fruition. ... to assure the Prime Minister that we would not forget his interest in this matter. The Prime Minister expressed his appreciation. He added that his government would be most grateful ... assistance of interests in the project, ... with private financing interests. ... If American concerns were not interested, however, ... hoped it would prove ... possible to press on with ... part of the scheme, which would be beneficial to Ghana's ... development requirements ... once a body of power ... aluminum interests ... what other uses Ghana intended to make of the power and the Prime Minister mentioned small industrial and agricultural uses. The President observed that the Ghana program seemed something like the Tennessee Valley Authority, which he described to the Prime Minister. He then asked whether it was possible to start with the small dam at Akosombo which the Prime Minister had mentioned. The latter replied that this was feasible and that it would have beneficial results. ... especially near the ... source of power.

The President mentioned ... plan for diversifying Ghana's economy and asked whether any ...

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kind of Coordinating Council existed. The Prime Minister confirmed that a Development Commission had been in being for some time and was concerned with the necessary planning.

The Prime Minister said that he was looking to explore with the United States Government possible means whereby it might help with the industrialization of Ghana, as we had done in the case of the Philippines. The President expressed the hope that in the further conversation which the Prime Minister and his party would be having with the State Department, it would be possible for him to [illegible] some of Ghana's plans to permit us to speak [illegible]. The President said that we were interested in [illegible] agriculture in order to [illegible] and, at the same time, produce cash crops for export which would recoup the present heavy expenditure on cocoa. He asked about the work [illegible] was doing in Ghana at the present time. The Prime Minister confirmed that the [illegible] is a situation where [illegible] the thing to do is [illegible] funds available [illegible] Federal Government [illegible] recognized, to [illegible] the [illegible] people of Ghana in order that the Government could come [illegible] with the participation of their own people. Then on the result of something planned to them from outside. The Prime Minister signified his assent and said that he would be happy to pursue [illegible] Department of State.

The Prime Minister also mentioned the improvement of communications [illegible]

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Israel and the Prime Minister confirmed this to be the case. There was further conversation regarding the possibilities for particular crops in Ghana, with the Prime Minister mentioning rubber as a field in which [redacted] States had had with the El Santa Gertrudis breed. The President said Ghana might wish to explore the possibility of importing two or three small herds as a nucleus.

Before leaving, the Prime Minister said that he would also like to mention several political matters. He was deeply concerned about the present instability in the world. He had recently toured the eight independent African states which had been represented at the Accra conference. He felt that these states had a united outlook. He noted that there are only eight sovereign states in Africa at this time and that the rest are still under the domination of the metropolitan powers. Ghana wants to do what it can to help them enjoy the same freedom which it now has. This is, the Prime Minister observed, perhaps more Ghana's problem than that of the United States. He wished the President to know that at no place during his tour had he noted the expression of any views which were antagonistic to the United States. He had, however, been disappointed. President Bourguiba of Tunisia, for example, was suspicious of his motives, and expressed his concern that the United States did not appear to understand the problems [redacted] Bourguiba had told the Prime Minister that he was grateful for the United States efforts to help Europe but that he did wish for greater understanding than he had thus far [redacted]

The President asked if he were to understand that the African countries wished to cooperate informally among themselves. The Prime Minister confirmed this to be the case, although he emphasized that the primary area of cooperation is Africa. He noted that at the recent meeting in Accra, the other African states had made very clear to the Egyptians that they wished to confine their deliberations to African rather than Middle Eastern questions.

[redacted]